



DEPARTMENT OF THE NAVY
NAVAL AIR SYSTEMS COMMAND
NAVAL AIR SYSTEMS COMMAND HEADQUARTERS
WASHINGTON, DC 20361 -0001

IN REPLY REFER TO
NAVAIRINST 5741.4A
AIR-09G
9 Aug 90

NAVAIR INSTRUCTION 5741.4A

From: Commander, Naval Air Systems Command

Subj: AUDIT LIAISON AND FOLLOW UP REQUIREMENTS

Ref: (a) NAVCOMPTINST 5740.4
(b) SECNAVINST 5200.34C
(c) SECNAVINST 5740.26
(d) SECNAVINST 5740.25B
(e) SECNAVINST 7510.7D

Encl: (1) Sample form of Status of Action Taken on Audit Service
Audit Report (NAVAIR 5741/1)

1. Purpose. To establish policy, assign responsibilities, and provide procedures for audit liaison and follow up for the Naval Air Systems Command Headquarters (NAVAIRHQ) and field activities.

2. Cancellation. This instruction supersedes NAVAIR Instruction 5741.4 of 24 August 1984. Since this is a major revision, changes have not been indicated.

3. Background. There are three major organizations external to the Naval Air Systems Command (NAVAIR) which conduct audits, reviews, and surveys within NAVAIR. These are the General Accounting Office (GAO), the Department of Defense Assistant Inspector General for Auditing (AIG(A)), and the Naval Audit Service (NAVAUDSVC). Each performs an audit function, but is responsible to a different organizational level within the Government. NAVAIR recognizes the importance of deriving full advantage from audit findings and recommendations in the interest of improving our operations. External audit should be viewed as a tool to be used in achieving increased economy and efficiency within our programs.

4. Policy. It is the policy of the Commander, Naval Air Systems Command that all NAVAIR personnel cooperate with GAO, AIG(A), and NAVAUDSVC to facilitate their audit work. Prompt, responsive, and constructive corrective action will be taken by management on all concurred in audit recommendations.

5. Responsibilities. The Office of the Inspector General (AIR-09G) is the initial contact and central control point in NAVAIRHQ for all matters relating to GAO, AIG(A), and NAVAUDSVC audits, reviews, and surveys. AIR-09G will



0808LD0551520

9 Aug 90

- a. serve as the contact point with the Comptroller of the Navy, field activities, and other commands, bureaus, and offices concerning GAO, AIG(A), and NAVAUDSVC;
- b. maintain an official file on each audit, review, or survey of interest to NAVAIR;
- c. maintain a copy of notification of visits and clearances on auditors that visit NAVAIRHQ;
- d. route audit announcements to NAVAIRHQ offices and field activities having an apparent interest;
- e. stay informed concerning the areas and direction of audits, reviews, and surveys in progress, and significant developments, while keeping cognizant NAVAIR personnel informed;
- f. assist in resolving problems that may arise between auditors and NAVAIR personnel during the course of audits;
- g. route audit reports requiring action to cognizant NAVAIRHQ codes and/or field activities for comment, and assign deadlines for return to AIR-09G;
- h. monitor status of responses on action audits to ensure external deadlines will be met;
- i. provide guidance and assistance to action offices in the preparation of comments on audit reports;
- j. review, evaluate and consolidate comments received into unified NAVAIR response;
- k. sign out all NAVAIRHQ responses to action audit reports;
- l. maintain a follow up system to monitor implementation of corrective action taken on deficiencies cited in audit reports;
- m. perform on-site verification of implementation of significant concurred in recommendations and adequately document the results thereof;
- n. notify the Director of the Congressional and Public Affairs Office (AIR-07D) when audits commence as a result of a congressional request;
- o. inform the Commander, Naval Air Systems Command (AIR-00), Vice Commander, Naval Air Systems Command (AIR-09), and Deputy Commander (AIR-07) of NAVAIR timeliness in responding to audit reports;

9 Aug 90

p. keep AIR-00, AIR-09, AIR-07 informed of the timeliness and effectiveness of management actions for follow up and implementation of concurred in audit recommendations; and

q. follow up, as part of command inspections, on implementation of concurred in audit recommendations directed to field activities. When appropriate corrective action has not been taken, or is not being taken with reasonable promptness, it will be noted in the inspection report.

6. Procedures

a. Addressees will

(1) request the audit or survey title and identifying code number when contacted by GAO, AIG(A), or NAVAUDSVC auditors;

(2) obtain a copy of the announcement letter prior to meeting with or providing any information to external auditors to verify that the audit has been properly announced;

(3) request that auditors identify themselves by presenting their credentials prior to providing them with any information. In the event classified information is sought verify the auditor's clearance. Release of any classified information will follow the provisions of OPNAVINST 5510.1H;

(4) ensure that information provided to auditors is complete, accurate, in proper perspective, and pertinent to the subject under review;

(5) maintain a record of all documents and materials made accessible to external auditors; and

(6) confine discussions with auditors to factual material pertinent to the subject of the review, carefully avoiding the possibility of representing personal opinion as fact.

b. NAVAIRHQ personnel will

(1) notify AIR-09G prior to all formal opening, closing and/or interim status conferences with auditors;

(2) notify AIR-09G prior to providing information or documentation to auditors that is considered to be controversial or outside the scope of the audit;

(3) notify AIR-09G when an audit report, or a request for comment on an audit report, is received from any source other than AIR-09G so that arrangements can be made for proper distribution and assignment of action; and

9 Aug 90

(4) notify AIR-09G whenever an audit report is routed for information and report contains misstatements or omission of facts, unsupported conclusions, or does not adequately reflect the Department of the Navy position.

7. Guidelines for Responding to Audit Reports. All personnel should adhere to the following general guidelines when tasked to provide comments on audit reports:

a. Each finding, conclusion, and recommendation under the cognizance of the code providing the response must be addressed.

b. The facts presented in the report should be verified. Factual inaccuracies should be discussed in the comments, and documentation required to support the position should be provided.

c. Applicable amounts discussed in a report as monetary savings or cost avoidances should be specifically addressed in the comments.

d. Concurrence or nonconcurrence must be indicated for each applicable finding, recommendation, and monetary benefit. Concurrence will include a plan for corrective action and realistic target dates should be established and included in the response. Nonconcurrence should be thoroughly documented and factual inaccuracies that may have caused an erroneous finding should be clearly identified.

8. Audit Follow Up. AIR-09G will maintain a follow up system to monitor implementation actions taken on concurred in findings, recommendations, and monetary benefits contained in GAO, AIG(A), and NAVAUDSVC reports per references (a) and (b). NAVAIRHQ codes and field activities must document and maintain records of implementation actions taken on findings and recommendations contained in final audit reports. Monetary savings and cost avoidances must be documented and validated. Specific follow up procedures relating to GAO, AIG(A), and NAVAUDSVC reports are stated below.

a. GAO and AIG(A) Reports. NAVAIRHQ codes and field activities will furnish follow up status information to AIR-09G when requested for concurred in findings and recommendations contained in final reports.

b. NAVAUDSVC Reports. Upon receipt of the published final audit reports, the cognizant NAVAIRHQ codes and field activities will provide follow up status on all open recommendations with past due estimated completion dates. Thereafter, all cognizant codes and field activities will be responsible for monitoring the remaining open recommendations and automatically providing follow

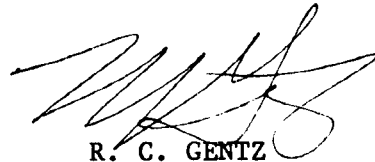
9 Aug 90

up status to AIR-09G within 15 days of the estimated completion dates as published or the revised estimated completion dates until all open recommendations are completed, closed and validated as having corrected the problem. Enclosure (1), Status of Action Taken on Naval Audit Service Audit Report, form NAVAIR 5741/1, is for use in providing follow up status on open recommendations.

9. Access to Information. References (c) through (e) provide detailed guidance on information GAO, AIG(A), and NAVAUDSVC are allowed access to. NAVAIRHQ personnel and field activity liaison officers should contact AIR-09G relating to any problems regarding access to information.

10. Reports. The reports required in this instruction are exempt from reports control by SECNAVINST 5214.2B

11. Forms. NAVAIR 5741/1, Status of Action Taken on Naval Audit Service Audit Report, for NAVAIR field activities and NAVAIRHQ are stocked by AIR-09G4, Ann Jones-Nicholas, Autovon 222-6646, Commercial 202-692-6646.



R. C. GENTZ

Distribution: FKA1A (established quantity); others 2 copies
SNDL: FKA1A (Deputy Commanders, Assistant Commander, Comptroller, Command Special Assistants, Program Directors, Designated Program Managers, Directorate Directors, and Office and Division Directors); FKR

Copy to: (2 copies each unless otherwise indicated)
SNDL: C84B (Morgantown (1 copy)); FKA1A (AIR-07D A/L (1 copy), AIR-71232 (10 copies), AIR-71233B (40 copies), AIR-09G (5 copies)); FKM27 (NPPSO-NDW C/L)

Stocked: Commanding Officer, Naval Publications and Forms Center, 5801 Tabor Avenue, Philadelphia, PA 19120-5099

STATUS OF ACTION TAKEN ON NAVAL AUDIT SERVICE AUDIT REPORT

ACTIVITY _____ REPORT # _____

ORIGINAL ESTIMATED COMPLETION DATE (ECD) _____ LAST ECD: _____

TOTAL NUMBER OF EXTENSIONS (REVISED ECDS) _____

RECOMMENDATION # _____; RECOMMENDATION: _____

Please check applicable block concerning the status of action on the subject recommendation, and YOU **MUST** PROVIDE COMMENTS IN THE COMMENTS COLUMN BELOW FOR EACH BLOCK CHECKED.

- ☐ Recommended action was completed as of _____. (Specify date)
- ☐ Alternative action was completed as of _____. (Specify date)
- ☐ Recommended action is in process. Estimated completed date: _____
- ☐ Recommended action has been postponed.
- ☐ Alternative action postponed or in process. _____ (Specify date)
- ☐ Other (i.e., pending): _____

☐ MONETARY BENEFIT REALIZED TO DATE, if applicable \$ _____

COMMENTS. _____

THE STATED CORRECTIVE ACTION(S) HAS/HAVE BEEN TESTED BY ME AND SOLVE(S) THE DEFICIENCY; THEREFORE, THE STATED CORRECTIVE ACTION(S) HAS/HAVE BEEN IMPLEMENTED.

NAME AND TITLE OF OFFICIAL RESPONSIBLE FOR IMPLEMENTATION